



Nebraska

Benefits From Exports

Nebraska's export sales of merchandise in 2000 totaled \$3.14 billion—a 58 percent increase from 1999 and well above the 12.6 percent year-to-year increase in total U.S. exports of goods. During 1993–2000, the state's exports grew by 80 percent, significantly higher than the 68 percent rise in total U.S. merchandise exports over the same period.

Nebraska exports goods globally to 143 foreign destinations. The state's leading market, by far, is Japan (32 percent of 2000 exports). Following Japan are Canada (17 percent), South Korea (9 percent), and Mexico (6 percent). Other leading markets are Taiwan, Italy, the Netherlands, and the Philippines.

Nebraska's biggest growth markets, in dollar terms, are Japan and South Korea. From 1997 to 2000, exports to Japan grew \$131 million, while sales to South Korea rose by nearly \$104 million. Nebraska also posted big dollar gains in sales to Taiwan, the Philippines, Italy, and Mexico.

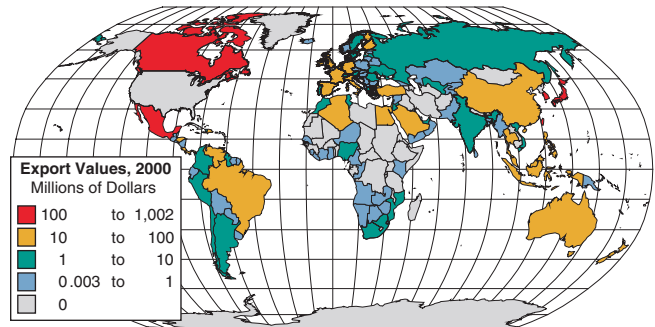
The state's leading manufactured export category is processed foods, which alone accounted for 49 percent—roughly half—of Nebraska's total exports in 2000. Other top manufactured exports are computers

and electronic products, machinery, transportation equipment, and leather products.

In addition to manufactures, Nebraska also directly exported agricultural and livestock products worth \$514 million in 2000. While substantial, this figure no doubt understates the true importance of exports to the state's farm sector. Not included are the many Nebraska agricultural exports that are sold indirectly, using middlemen located in other states. The U.S. Department of Agriculture estimates that exports of all farm products contributed, both directly and indirectly, about \$2.9 billion to the state's farm cash receipts in 1999 (roughly 34 percent of total farm income).

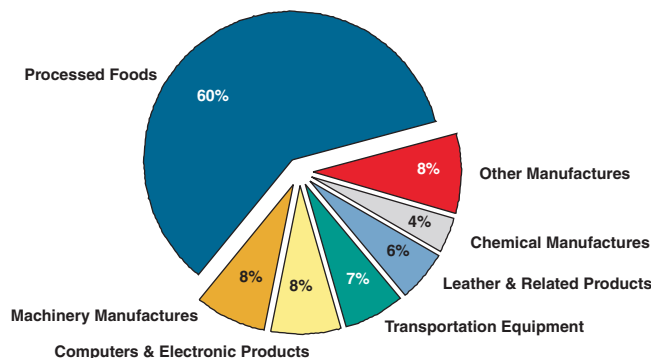
NEBRASKA EXPORTED GOODS WORTH \$3.1 BILLION TO 143 FOREIGN MARKETS IN 2000

Dollar Value of Nebraska's Merchandise Exports to Foreign Markets, 2000



Source: U.S. Department of Commerce, Exporter Location Series.

NEBRASKA EXPORTS A WIDE RANGE OF MANUFACTURES: \$2.58 BILLION IN 2000



Note: Manufactures are a subcategory of total merchandise exports, which also include mining commodities and unprocessed agricultural products.

Source: U.S. Department of Commerce, Exporter Location Series.

Within Nebraska, the Omaha metro area (a small part of which lies in Iowa) boosted export sales from \$300 million in 1993 to \$950 million in 1999. This was a gain of 217 percent—the 17th largest percentage increase among the 253 U.S. metro areas for which data are available. Over the same period, the Lincoln metro area expanded exports from \$189 million to \$276 million, an increase of 46 percent.

Exports Support Good Jobs

Export-related jobs tend to be good, high-paying jobs. Wages of workers in jobs supported by merchandise exports range

13–18 percent higher than the national average. Export-related jobs are also more secure: Exporting plants are nine percent less likely to shut down than comparable nonexporting plants.

In 1997 (latest available data), Nebraska depended on manufactured exports for 56,000 jobs. Export-supported jobs accounted for an estimated 7.1 percent of Nebraska's total private sector employment.

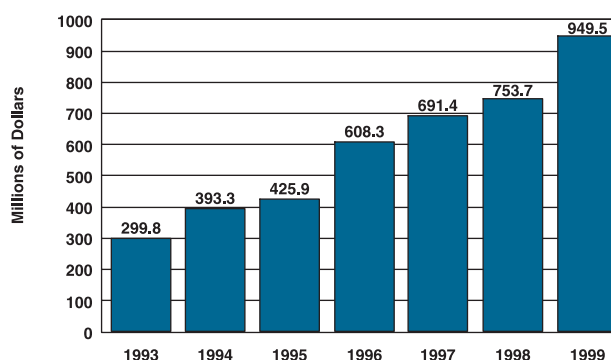
Manufactured exports supported 16,000 jobs—more than one of every seven workers—in Nebraska's manufacturing industries. Export-related jobs were concentrated in five manufacturing sectors: processed foods, machinery, fabricated metal products, transportation equipment, and computers and electronic products.

Exports of manufactured goods also indirectly supported 40,000 jobs in the state's nonmanufacturing industries. These industries supply manufacturers with a wide range of inputs needed to produce goods for export.

Exports Help Small Business

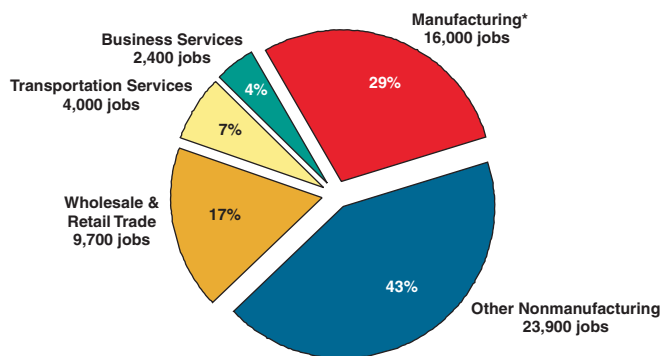
Exports have broadly benefited Nebraska businesses, both large and small. A total of 1,367 companies exported from Nebraska locations in 1998. Exactly 73 percent of these companies, accounting for 13 percent of the state's total exports, were small and medium-sized firms that had fewer than 500 employees. In fact, 58 percent of all Nebraska exporters were small firms with less than 100 workers.

**OMAHA'S MERCHANDISE EXPORTS
GREW 217 PERCENT FROM 1993 TO 1999**



Source: U.S. Department of Commerce, Exporter Location Series.

**56,000 NEBRASKA JOBS DEPENDED ON
MANUFACTURED EXPORTS IN 1997**



*Includes 4,900 jobs tied to exports of processed foods.

Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

Foreign Competitors Are Not Standing Still

While previous rounds of trade negotiations were highly successful in reducing trade barriers, much work remains to be done to level the playing field for U.S. businesses. In fact, the United States has fallen behind our trading partners in combating market barriers through free trade agreements.

The United States is a party to just two of the estimated 130 free trade agreements in force worldwide. In comparison, the European Union has FTAs with 27 countries. Since U.S. tariffs are already low compared to those of our trading partners, the United States has a great deal to gain from future negotiations aimed at prying open foreign markets.

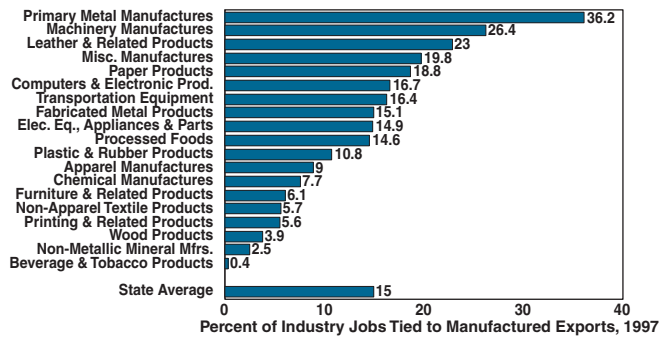
TRADE PROMOTION AUTHORITY— KEY TO OPENING WORLD MARKETS

U.S. Trade Promotion Authority (also known as TPA or "fast track") is essentially an agreement between the President and Congress on how market-opening trade negotiations will be conducted and agreements approved.

Under TPA, the President involves Congress in trade negotiations from the start; Congress, in exchange, agrees to vote yes or no on any resulting agreement in its entirety, without amendments. The two branches set negotiating objectives and consult during trade talks while inviting public comment. This open process allows problems to be identified and resolved during negotiations, when agreement is most easily achieved.

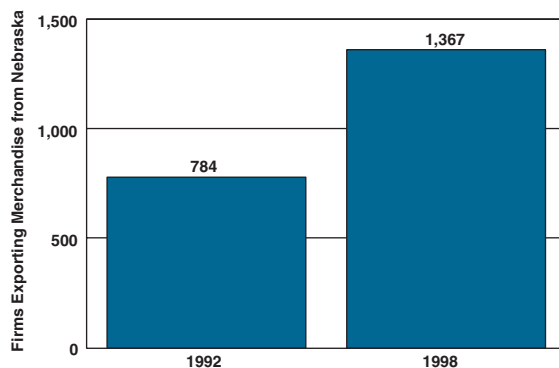
TPA preserves the ability of the United States to protect public health, safety, and the environment.

MORE THAN ONE-SEVENTH OF MANUFACTURING JOBS IN NEBRASKA WERE TIED TO EXPORTS IN 1997



Note: In 1997, 15 percent of the 106,700 manufacturing jobs in Nebraska were tied to manufactured exports—some 16,000 jobs. For any given manufacturing sector, export-related employment includes all workers producing goods for export or of inputs to the export manufacturing process.
Source: U.S. Department of Commerce, Bureau of the Census, Manufacturing & Construction Division.

THE NUMBER OF COMPANIES EXPORTING FROM NEBRASKA ROSE 74 PERCENT FROM 1992 TO 1998



Source: U.S. Department of Commerce, Exporter Data Base.

Nebraska Industries Can Gain From Trade Negotiations

Nebraska's exporters still face many tariff and nontariff barriers abroad, especially in developing countries. While developing nations are among the most promising markets, they also tend to have high levels of import protection. Trade negotiations aimed at reducing these barriers will significantly benefit Nebraska's businesses across many industrial sectors.

Agricultural machinery. Nebraska exporters of agricultural machinery have reaped benefits and increased foreign sales as a result of tariff reductions agreed in past trade negotiations. Expanded markets in Asia and Latin America have contributed significantly to U.S. exports. However, high tariffs still constitute significant barriers in many countries that did not participate in the Uruguay Round "zero-for-zero" tariff agreement on agriculture machinery. For example,

tariffs on agricultural machinery are as high as 21 percent in Argentina and 30 percent in India. Restrictive government procurement practices and discriminatory licensing and inspection requirements also hinder agricultural machinery exports.

Auto parts. The United States exported \$53.7 billion in auto parts during 2000. The ability of the auto parts industry to increase exports will play an important role in its future growth. It will be critical to resolve the many market access barriers that confront this sector. In addition to high tariff barriers, several key nontariff barriers are unique to the auto parts sector. For example, Nebraska parts suppliers have been denied full access to the Japanese market by restrictive regulations concerning the repair and replacement of auto parts. U.S. parts rebuilders are also unable to sell their products throughout much of South America due to import prohibitions.

Information technology. Nebraska's high-tech businesses are beneficiaries of the Information Technology Agreement. The agreement eliminates duties on the entire IT sector in major markets throughout the world, with the exception of the larger markets of Latin America. Tariffs on IT products in key Latin American markets remain as high as 30 percent. Beyond tariffs, IT products also face such nontariff restrictions as redundant testing and certification requirements. U.S. suppliers, including those in Nebraska, would likely

see sales rise if remaining barriers on IT products were eliminated.

NEBRASKA: WHY TRADE PROMOTION AUTHORITY?

Trade Promotion Authority is critical for removing remaining barriers to exports of Nebraska goods and services.

Nebraska exporters still face major trade barriers in such sectors as agricultural machinery, auto parts, information technology, and industrial machinery.

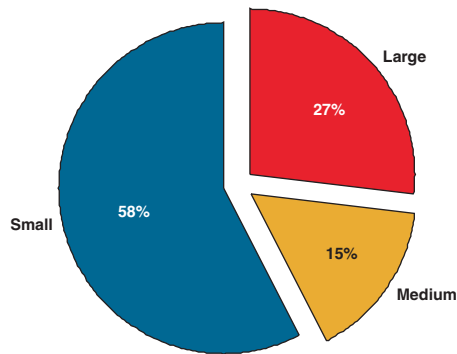
With the United States on the sidelines, foreign competitors are forging ahead and pursuing their own market-opening agreements.

Nebraska's economy is export-dependent, with export sales of \$1,835 for every state resident.

About 56,000 Nebraska jobs depend on exports of manufactured goods.

1,367 companies—including 998 small and medium-sized businesses—export from Nebraska.

73 PERCENT OF NEBRASKA'S 1,367 EXPORTING FIRMS IN 1998 WERE SMALL AND MEDIUM-SIZED ENTERPRISES



Small = less than 100 employees; medium = 100–499 employees; large = 500 or more employees.
Source: U.S. Department of Commerce, Exporter Data Base.

Industrial machinery. While Nebraska's industrial machinery exporters have benefited from tariff reductions in previous trade agreements, the industry continues to face barriers in many markets throughout the world. For example, tariffs on industrial machinery are as high as 30 percent in Brazil and India. This sector also suffers from the many import restrictions maintained in potentially lucrative markets, including nontransparent and preferential government procurement practices, deficiencies in intellectual property protection, investment barriers, and the increasing use of standards as nontariff barriers to trade. In addition, restrictions on the ability to provide after-sales service greatly inhibit market access for U.S. manufacturers of complex machinery.

Agriculture. Nebraska is a major producer and exporter of agricultural products. According to the U.S. Department of Agriculture, Nebraska's farm cash receipts totaled \$8.6 billion in 1999, and it was the third largest agricultural exporter, with exports of \$2.9 billion. Since 1991, the state's reliance on agricultural exports has risen from 24 percent to 34 percent as measured by export's share of farm cash receipts. Nebraska's top agricultural exports are feed grains and products, live animals and red meats, soybeans and products, feeds and fodders, and hides and skins. Nebraska already benefits from past trade agreements. Under the North American Free Trade Agreement (NAFTA), Mexico converted its import licensing system for corn to a transitional tariff-rate quota, and the Philippines converted its import ban on corn to tariffs as part of its Uruguay Round commitments. Also under NAFTA, Mexico eliminated its 15 percent tariff on live slaughter cattle, its 20 percent tariff on chilled beef, and its 25 percent tariff

on frozen beef. However, U.S. agricultural exports still face high tariffs and nontariff barriers worldwide.

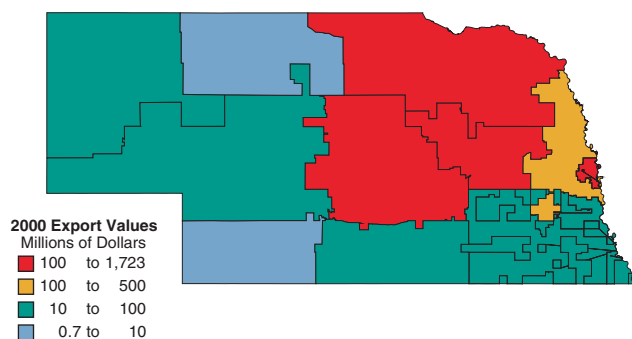
Services. Services are the biggest component of the U.S. economy and now account for more than one-fourth (28 percent) of U.S. exports to the world. Service exports in 2000 totaled \$296 billion; the United States ran a surplus of nearly \$80 billion in services trade with the world. Exportable services include transportation services (e.g., air freight), financial services (e.g., banking, insurance) and business services (e.g., engineering, architecture). Service industries confront a wide range of barriers abroad. Trade Promotion Authority will provide added impetus to the new round of global services trade negotiations now under way to dismantle these barriers.

Imports Also Important to Nebraska

While exports generate clear benefits for the Nebraska economy (jobs, wages, expanded tax base, etc.), the role of imports is less clear—especially since no import statistics are available for states on an end-user basis. Although many often equate imports with “lost” jobs, the reality is usually much more complex. For example, there is no doubt that imports supply critical inputs for many of the goods and services produced in Nebraska, including products destined for export. Imports often play a key role in ensuring supplies of vital materials that are either scarce or simply not available domestically. More generally, imports provide consumers and businesses in Nebraska with wider choice in the marketplace, thereby enhancing living standards and contributing to competitiveness.

EXPORTS ARE SOLD FROM ALL OVER NEBRASKA

Nebraska's Merchandise Exports by Three-Digit Zip Code, 2000



Note: Nebraska's total merchandise exports in 2000 were \$3.1 billion. Due to federal disclosure regulations, shading of zip codes 686, 687, & 688 refers to combined exports from these areas.

Source: U.S. Department of Commerce, Exporter Location Series.